

Honolulu, Hawaii FFB 11 , 2025

RE: H.B. No. 1048 H.D. 1

STAND. COM. REP. NO.

Honorable Nadine K. Nakamura Speaker, House of Representatives Thirty-Third State Legislature Regular Session of 2025 State of Hawaii

Madame:

Your Committee on Consumer Protection & Commerce, to which was referred H.B. No. 1048 entitled:

"A BILL FOR AN ACT RELATING TO INSTALLMENT LOANS,"

begs leave to report as follows:

The purpose of this measure is to make clarifying amendments to the installment loans law, including:

- (1) Using defined terms consistently;
- (2) Requiring lenders to prorate fees on a daily basis;
- (3) Allowing lenders to charge a convenience fee for debit card payments;
- (4) Requiring paper receipts only for in-person or cash payments and removing the requirement that receipts not contain the consumer's name; and
- (5) Repealing the cool down period between loans.

Your Committee received testimony in support of this measure from the Department of Commerce and Consumer Affairs. Your Committee received testimony in opposition to this measure from the American Fintech Council.



STAND. COM. REP. NO. 426

Your Committee finds that the existing installment loan law allows lenders writing loan contracts to fully capture the maximum monthly maintenance fees even if the lender provides service for only a portion of the month. This measure will require lenders to prorate the monthly fees daily.

Your Committee further finds that the existing installment loan law requires a three-day waiting period between loans. The original intent for the three-day waiting period was so that borrowers would not be in a continuous cycle of debt by repaying the loan and borrowing again on the same day. However, unlike payday loans, which the installment loan law replaced, installment loans are gradually paid down through a series of payments. The repeal of the waiting period will allow consumers on the neighbor islands, which only have access to one or two lenders, to have more access to financial services.

Your Committee has amended this measure by:

- Changing the effective date to July 1, 3000, to encourage further discussion;
- (2) Inserting a three-year sunset date of June 30, 2028; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1048, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1048, H.D. 1, and be referred to your Committee on Finance.

2025-1423 HB1048 HD1 HSCR HMSO

STAND. COM. REP. NO. 426 Page 3

Respectfully submitted on behalf of the members of the Committee on Consumer Protection & Commerce,

SHI, Chair SCOT Z. MATAY



State of Hawaii House of Representatives The Thirty-third Legislature



## Record of Votes of the Committee on Consumer Protection & Commerce

Bill/Resolution No.: HB 1048	Committee	Committee Referral: CPC, FIN		Date: 2/4/25	
The committee is reconsidering its previous decision on the measure.					
The recommendation is to:  Pass, unamended (as is) Pass, with amendments (HD) Hold Pass short form bill with HD to recommit for future public hearing (recommit)					
CPC Members		Ayes	Ayes (WR)	Nays	Excused
1. MATAYOSHI, Scot Z. (C)					
2. CHUN, Cory M. (VC)					
3. ILAGAN, Greggor					
4. ICHIYAMA, Linda	A REPORT AND				Territori
	Redect Control				
5. IWAMOTO, Kim Coco					1. 1. <b>1.</b> 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1.
6. KONG, Sam Satoru	Strange B	6 . Kolen, 14 1			
v. Korve, sam satoru					
7. LOWEN, Nicole E.		n arce fice.			
8. MARTEN, Lisa					
9. TAM, Adrian K.					
10. PIERICK, Elijah		$\sim$			
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TOTAL (10)		8			2
The recommendation is:	Adopted	Not Adopte	d	I	
If joint referral, did not support recommendation.					
Vice Chair's or designee's signature:					
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