STAND. COM. REP. NO. 4223 Honolulu, Hawaii , 2025 FEB 11 PE: H.B. No. 1049

RE: H.B. No. 1049 H.D. 1

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. 1049 entitled:

"A BILL FOR AN ACT RELATING TO THE MONEY TRANSMITTERS MODERNIZATION ACT,"

begs leave to report as follows:

The purpose of this measure is to make various amendments to the Money Transmitters Modernization Act to be more consistent with the Model Money Transmitters Modernization Act by:

- Amending the definition of "permissible investments" to include certain receivables;
- (2) Correcting the required tangible net worth that must be maintained by a licensee and repealing language that specified the manner in which tangible net worth is to be calculated; and
- (3) Removing the refundable \$5,000 initial annual license fee and instead allowing a fee to be assessed after an application has been approved.

Your Committee received testimony in support of this measure from the Department of Commerce and Consumer Affairs.



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Your Committee finds that the existing calculation for tangible net worth under the State's Money Transmitters Modernization Act is based on an older model law and does not comport with national standards. This measure will correct the existing calculation to ensure that licensees can operate and conduct their business in a safe and sound manner across the nation and in Hawaii.

Your Committee further finds that existing law requires an applicant for licensure as a money transmitter to pay a \$5,000 initial annual license fee with their application, which is then returned if the application is denied. This process is administratively burdensome and frustrating to an applicant. This measure therefore streamlines the process to only require the \$5,000 fee once an applicant's application has been approved.

Your Committee has amended this measure by:

- Changing the effective date to July 1, 3000, to encourage further discussion; and
- (2) 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. 1049, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1049, H.D. 1, and be referred to your Committee on Finance.

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

SCOT Z. MATRYOSHI, Chair



State of Hawaii House of Representatives The Thirty-third Legislature



Record of Votes of the Committee on Consumer Protection & Commerce

Bill/Resolution No.: HB 1849		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) 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)		\sim			
2. CHUN, Cory M. (VC)		V			
3. ILAGAN, Greggor					
J. IDAGAN, OLEgon	. .				
4. ICHIYAMA, Linda					
5. IWAMOTO, Kim Coco		$\overline{}$			
	a, R. La				
6. KONG, Sam Satoru					\sim
7. LOWEN, Nicole E.					
A MADTEN Line					
8. MARTEN, Lisa					
9. TAM, Adrian K.					
	i e star star				
10. PIERICK, Elijah		V			
TOTAL (10)		Ğ			2
/-	Adopted	Not Adopted	l	· · · ·	Lesen
	int referral,	ommittee acronym(s)	did not suppo	rt recommendation.	
Vice Chair's or designee's signature:					
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO					