

STAND. COM. REP. NO.

1296

Honolulu, Hawaii

**MAR 18**, 2025

RE: S.B. No. 1367  
S.D. 1  
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 S.B. No. 1367, S.D. 1, 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.

2025-2601 SB1367 HD1 HSCR HMSO



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 notes that this measure, as received by your Committee, authorizes an installment lender to charge a \$5 convenience fee on debit card transactions. The Department of Commerce and Consumer Affairs, in following up on inquiries posed by your Committee at the public hearing, stated that the typical processing fee for a debit card transaction of \$100 would be approximately \$0.25.

Accordingly, your Committee has amended this measure by:

- (1) Correcting the daily factor when computing the \$25 monthly fee for a fraction of a month from 0.83 cents per day to 83 cents per day;
- (2) Lowering the allowable convenience fee for debit card transactions from \$5 to \$1;
- (3) Changing the effective date to July 1, 3000, to encourage further discussion;
- (4) Inserting a three-year sunset date of June 30, 2028; and
- (5) 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 S.B. No. 1367, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1367, S.D. 1, 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,



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SCOT Z. MATAYOSHI, Chair



