Honolulu, Hawaii

Fe 410, 2006

RE: H.B. No. 2968

Honorable Calvin K.Y. Say Speaker, House of Representatives Twenty-Third State Legislature Regular Session of 2006 State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred H.B. No. 2968 entitled:

"A BILL FOR AN ACT RELATING TO INTEREST RATES,"

begs leave to report as follows:

The purpose of this bill is to even the playing field between lenders with credit card businesses in this state, and lenders with credit card businesses located out-of-state, by providing that the 18 percent limit on credit card interest only applies to the simple interest numeric periodic rate and does not apply to credit card fees.

The Hawaii Bankers Association, Hawaii Financial Services Association, and Hawaii Credit Union League supported the measure.

Your Committee finds that federal law gives banks the right to export the usury law of their state to other states. However, local lenders can only export what Hawaii defines as "interest." In Hawaii, "interest" includes fees, and is limited to 18 percent. This allows Hawaii banks to charge both simple interest and fees on the mainland without worry about the laws of another state. The result, however, is that their fees are limited to 18 percent, which disadvantages them in comparison to their mainland counterparts.

Your Committee finds that removing fees from the usury cap will help banks keep their credit card businesses in Hawaii and increase their competitiveness in the American credit card industry. Your Committee also notes that this bill requires credit card companies to disclose both interest rates and fees to the consumer.

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. 2968 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

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

ROBERT N. HERKES, Chair

## State of Hawaii House of Representatives The Twenty-third Legislature

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

Bill/Resolution No.:	Date:			
HB 2968		02/01/	06	
Committee Referral:	☐ The committee is reconsidering its previous decision on the measure.			
The recommendation is to: Pass, unamended	☐ Pass, with amendments			
☐ Hold	□ Re	commit		
CPC Members	Ayes	Ayes (WR)	Nays	Excused
1. HERKES, Robert N. (C)	V			
2. SCHATZ, Brian (VC)	V			·
3. CALDWELL, Kirk	V			
4. ITO, Ken	V			22/2020/2018
5. KANOHO, Ezra R.				V
6. KARAMATSU, Jon Riki	V			
7. MORITA, Hermina M.	V			
8. SONSON, Alex M.	V			
9. SOUKI, Joseph M.	<i>V</i>			
10. MARUMOTO, Barbara C. 11. STONEBRAKER, Bud	V			
11. STONEDRAKER, Dud				<i>V</i>
·				
				·
TOTAL	9			2
The recommendation is:	·			
The recommendation is: Adopted				
☐ Not Adopted				
If joint referral,		did not suppo	rt recommendation.	
committee acronym(s)				
Vice Chair's or designee's signature:				
Distributions Original (White) Committee Durling (W. 11. ) Cl. 11. Off				
Distribution: Original (White) – Committee Duplicate (Yellow) – Clerk's Office				