STAND. COM. REP. NO. 2450

Honolulu, Hawaii

FOB 17

, 2006

RE:

S.B. No. 2143

S.D. 1

Honorable Robert Bunda President of the Senate Twenty-Third State Legislature Regular Session of 2006 State of Hawaii

Sir:

Your Committee on Commerce, Consumer Protection, and Housing, to which was referred S.B. No. 2143 entitled:

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

begs leave to report as follows:

The purpose of this measure is to protect the public welfare and consumers by establishing a licensing regime that regulates the money transmitter industry in Hawaii.

Testimony in support of this measure was submitted by the Commissioner of Financial Institutions, the Department of the Prosecuting Attorney of the City and County of Honolulu, Hawaii Credit Union League, Non-Bank Funds Transmitters Group, Hawaii Financial Services Association, Philippine National Bank-Honolulu Agency, Kwik Money Remittance, Laborers' Union Local 368, and one individual. Testimony in opposition to this measure was submitted by Hawaii Bankers Association.

Hawaii has a relatively large transmitter industry that annually transmits hundreds of millions of dollars. Currently, Hawaii is only one of five states that do not regulate money transmitters.

Your Committee finds that effective licensing of money transmitters will help to maintain consumer trust, ensure that all money transmitter businesses are operated on a sound fiscal basis, and promote best business practices within the industry.



Your Committee has amended this measure by:

- (1) Decreasing the net worth and the bond or security requirements from \$100,000 to \$1,000 for purposes of continued discussion;
- (2) Clarifying that qualified banks, bank holding companies, credit unions, building and loan associations, savings and loan associations, savings banks, financial services loan companies or mutual banks remain exempt under this measure even if these entities act as authorized delegates;
- (3) Adding the requirement that contracts between licensees and authorized delegates include certification by the delegates that they are in compliance with federal and state laws pertaining to money laundering;
- (4) Changing the effective date of the chapter to July 1, 2007, to allow adequate time for the program to be implemented; and
- (5) Making technical, nonsubstantive amendments for purposes of clarity.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2143, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2143, S.D. 1, and be referred to the Committee on Ways and Means.

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

RON MENOR, Chair

The Senate Twenty-Third Legislature State of Hawaii

Record of Votes of the Committee on Commerce, Consumer Protection and Housing (Bills and Resolutions)

Measure:* Committee Referral: Date: SB 2143 CPH, WAM 2-15-06				
The committee is reconsidering its previous decision on this measure.				
If so, then the previous decision was to:				
The Recommendation is to:				
Pass, unamended Pass, with amendments (2312) (2311)		Hold Recommit (2310) (2313)		
Members	Ayes	Ayes(WR)	Nays	Excused
MENOR, Ron (C)			······································	
BAKER, Rosalyn H. (VC)				
ESPERO, Will				Mark Comment
IGE, David Y.				
SAKAMOTO, Norman				
HOGUE, Bob				ar Branch
		1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1		
		- 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1	l german ann a' mais ann a	
TOTAL	6			
Recommendation: Adopted Not Adopted				
Chair's or Decignee's Signature: Roker				
Distribution: U Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

^{*}Do not list more than one measure per Record of Votes.