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# A BILL FOR AN ACT

RELATING TO CHECK CASHING.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. Chapter 480F, Hawaii Revised Statutes, is  
2 amended by adding six new sections to be appropriately  
3 designated and to read as follows:

4           "§480F-    License required. (a) No check casher shall  
5 engage in business without a license obtained pursuant to this  
6 chapter and rules prescribed by the director.

7           (b) The director shall prescribe the form of the license  
8 application. Each application shall be accompanied by the  
9 appropriate fee as prescribed by the director.

10          (c) No person shall be issued a license unless the person  
11 has passed a certified check casher examination. The check  
12 casher examination shall be in a form prescribed by the  
13 director; provided that the examination shall cover the  
14 following:

15           (1) Federal and state statutes and rules relating to check  
16           cashers; and

17           (2) General principles of business law.



1        (d) No person applying for a license shall have been  
2 convicted of a felony directly related to the operation of a  
3 check cashing agency, unless the conviction has been expunged or  
4 annulled. The Hawaii criminal justice data system shall provide  
5 such information to the director upon request.

6        **§480F- Issuance of license.**    (a) Upon receipt of an  
7 application for a license to conduct business as a check casher,  
8 the director may issue a license if the applicant has met the  
9 requirements of this chapter.

10       (b) Every license issued shall be valid only as to the  
11 check casher and any branch offices the check casher may  
12 maintain.

13       (c) No license shall be issued to a check casher that  
14 establishes or maintains a place of business in, or conducts  
15 business from, a home, apartment, or hotel room unless otherwise  
16 approved by the director.

17       **§480F- Licensing fee; biennial renewal; restoration.**

18       (a) No person applying for a license under this chapter shall  
19 be allowed to take the check casher examination until the  
20 appropriate fees have been paid to the director.

21       (b) Every licensee shall register with the director and  
22 pay a biennial renewal fee before June 30 of each even-numbered



1 year. The failure, refusal, or neglect to pay a renewal fee  
2 shall constitute a forfeiture of the license. Any license  
3 forfeited under this section may be restored within one year of  
4 the forfeiture upon the filing of an application and payment of  
5 the renewal and restoration fees.

6 (c) A licensee who is not actively engaged in the business  
7 of a check casher, upon written request to the director, shall  
8 be placed on inactive status and shall be exempt from paying the  
9 renewal fee for the period in which the licensee is inactive.  
10 If the licensee resumes engaging in the business of check  
11 cashing, the licensee shall notify the director and remit the  
12 renewal fee for the current biennial period. While on inactive  
13 status, the licensee shall not engage in the business of check  
14 cashing.

15 (d) All licensing and renewal fees required to be paid  
16 under this section shall be established in rules adopted by the  
17 director pursuant to chapter 91.

18 **§480F- Payment plans.** (a) A check casher may enter  
19 into a payment plan with a non-default customer for a period of  
20 up to ninety days. Under the payment plan, no interest may be  
21 charged; provided that an administrative fee of \$30 may be added  
22 to any fees or sums already owed by the customer. There shall



1 be a thirty day period after the completion of any payment plan  
2 during which no new payment plan with that customer shall  
3 commence.

4 (b) A check casher shall offer an interest-free payment  
5 plan with a minimum term of sixty days to any customer who is in  
6 default. Any collection letter written to a customer in default  
7 shall inform the customer of the option of interest-free  
8 payment.

9 §480F- Records and reports. Every check casher shall  
10 keep records and make reports with respect to the operation of  
11 business as provided in rules adopted by the director pursuant  
12 to chapter 91.

13 §480F- Rules. The director, pursuant to chapter 91,  
14 shall adopt rules necessary to implement this chapter."

15 SECTION 2. Section 237-24.75, Hawaii Revised Statutes, is  
16 amended to read as follows:

17 "[+]§237-24.75[+] **Additional exemptions.** In addition to  
18 the amounts exempt under section 237-24, this chapter shall not  
19 apply to [amounts]:

20 (1) Amounts received as a beverage container deposit  
21 collected under chapter 342G, part VIII[-]; and



1        (2) Amounts received in fees and interest by check cashers  
2        for deferred deposit transactions."

3        SECTION 3. Section 480F-1, Hawaii Revised Statutes, is  
4 amended by adding a new definition to be appropriately inserted  
5 and to read as follows:

6        "Director" means the director of commerce and consumer  
7 affairs."

8        SECTION 4. Section 480F-2, Hawaii Revised Statutes, is  
9 amended to read as follows:

10        "[+]§480F-2[+] **Posting and notice of fees charged.** Any  
11 person who cashes one or more checks for a fee shall:

12        (1) Post in a conspicuous place in every location at which  
13 the person does business a notice that sets forth[+]   
14 in point type:

15        (A) The fees charged for cashing a check, for selling  
16 or issuing a money order, [~~and~~] for the initial  
17 issuance of any membership or identification  
18 cards[; ~~and~~], and the fees and annual percentage  
19 rate for deferred deposit transactions;

20        (B) That consumer complaints about the check cashing  
21 business may be filed with the department of  
22 commerce and consumer affairs, and includes and



- 1 identifies the telephone number and address of  
2 the consumer information service of the  
3 department of commerce and consumer affairs;
- 4 (C) That deferred deposit transactions are not  
5 suitable for long-term borrowing;
- 6 (D) That only one deferred deposit transaction can be  
7 opened from all sources;
- 8 (E) Information on where to obtain financial  
9 education and credit counseling; and
- 10 (F) A copy of the license to do business as a check  
11 cashier as required by this chapter;
- 12 (2) Provide written notice [~~to each customer of the fees~~  
13 ~~charged for cashing checks~~] in point type to each  
14 customer, that is separate from and in addition to any  
15 posted notice[+], containing the following  
16 information:
- 17 (A) The fees and annual percentage rate to be charged  
18 for a deferred deposit transaction;
- 19 (B) That consumer complaints about the check cashing  
20 business may be filed with the department of  
21 commerce and consumer affairs, and includes and  
22 identifies the telephone number and address of



1           the consumer information service of the  
2           department of commerce and consumer affairs;

3           (C) That deferred deposit transactions are not  
4           suitable for long-term borrowing;

5           (D) That only one deferred deposit transaction can be  
6           opened from all sources;

7           (E) That an extended repayment plan option is  
8           available after any customer has entered into  
9           four or more consecutive transactions with the  
10          same check casher; provided that the customer  
11          requests the option within twenty-four hours of  
12          the customer's last payment due date. For  
13          purposes of this subparagraph, "consecutive  
14          transactions" means back to back transactions  
15          occurring within twenty-four hours of each other;

16          (F) The right to rescind a deferred deposit  
17          transaction within twenty-four hours of the  
18          transaction; and

19          (G) Where to obtain financial education and credit  
20          counseling;

21           (3) Obtain a written acknowledgment from the customer that  
22           written notice of [~~the fees charged for cashing~~



1           ~~checks]~~ all information required to be provided by  
2           paragraph (2) was provided~~[+]~~ to the customer; and  
3           (4) Provide each customer a receipt documenting any and  
4           all fees charged."

5           SECTION 5. Section 480F-4, Hawaii Revised Statutes, is  
6           amended by amending subsections (c), (d), and (e) to read as  
7           follows:

8           "(c) The face amount of the check shall not exceed \$600  
9           and the deposit of a personal check written by a customer  
10          pursuant to a deferred deposit transaction may be deferred for  
11          no more than thirty-two days. A check casher may charge a fee  
12          for deferred deposit of a personal check in an amount not to  
13          exceed fifteen per cent of the face amount of the check. The  
14          total amount of a transaction, including principal and fees,  
15          shall not exceed twenty-five per cent of the customer's gross  
16          monthly income. Any fees charged for deferred deposit of a  
17          personal check in compliance with this section shall be exempt  
18          from chapter 478.

19          (d) A check casher shall not enter into an agreement for  
20          deferred deposit with a customer during the period of time that  
21          an earlier agreement for a deferred deposit for the same  
22          customer is in effect~~[+]~~ from any source. A deferred deposit



1 transaction shall not be repaid, refinanced, or consolidated by  
2 or with the proceeds of another deferred deposit transaction.

3 (e) A check casher who enters into a deferred deposit  
4 agreement and accepts a check passed on insufficient funds, or  
5 any assignee of that check casher, shall not be entitled to  
6 recover damages in excess of principal, interest, and out-of-  
7 pocket legal costs in any action brought pursuant to or governed  
8 by chapter 490. No additional interest may be collected except  
9 the ten per cent allowed by law on uncollected judgments.

10 Instead, the check casher may charge and recover a fee for the  
11 return of a dishonored check in an amount not greater than  
12 [~~\$20.~~] \$30."

13 SECTION 6. Statutory material to be repealed is bracketed  
14 and stricken. New statutory material is underscored.

15 SECTION 7. This Act shall take effect on January 1, 2050.



**Report Title:**

Check Cashing; Department of Commerce and Consumer Affairs

**Description:**

Requires the department of commerce and consumer affairs to regulate the check cashing industry through licensing requirements. (HB483 HD1)

