1219 STAND. COM. REP. NO.

Honolulu, Hawaii March 27, 2015 RE: S.B. No. 737 S.D. 1 H.D. 1

Honorable Joseph M. Souki Speaker, House of Representatives Twenty-Eighth State Legislature Regular Session of 2015 State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred S.B. No. 737, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO CHECK CASHING,"

begs leave to report as follows:

The purpose of this measure is to limit the total amount of fees charged for the deferred deposit of a personal check to an annual percentage rate of 36 percent.

The Department of Commerce and Consumer Affairs; Hawaii Alliance for Community-Based Economic Development; Moveon.org Honolulu Council; Hawaii Appleseed Center for Law and Economic Justice; Phocused; Catholic Charities Hawaii; Faith Action for Community Equity; Hawaiian Community Assets; The ILWU Local 142; Progressive Democrats of Hawaii; AARP; Community Alliance on Prisons; and many individuals provided testimony in support of this measure. Dollar Financial Group, Inc.; Money Mart; Money Service Centers of Hawaii, Inc.; Aloha Finance, Inc.; Hawaii Check Cashing; Maui Loan Inc.; Cash in Advance, Inc.; and one concerned individual submitted testimony opposing this measure.

Your Committee has amended this measure by:

 Limiting the total amount of fees charged for the deferred deposit of a personal check to an unspecified annual percentage rate;



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- (2) Beginning July 1, 2015, requiring licensed businesses in the State to notify the Department of Commerce and Consumer Affairs at the end of each fiscal year if they conducted any deferred deposit transaction;
- (3) Requiring the Department of Commerce and Consumer Affairs to keep a record of all licensed businesses that conduct deferred deposit transactions in each fiscal year beginning July 1, 2015;
- (4) Prohibiting a check casher from entering into an agreement for deferred deposit with a customer within five days immediately following the end of the customer's earlier agreement for a deferred deposit;
- (5) Raising the fine for a wilful violation of chapter 480F, Hawaii Revised Statutes, up to a maximum of \$5,000; and
- (6) Making technical, nonsubstantive amendments for clarity, consistency, and style.

Your Committee respectfully requests that your Committee on Finance further examine the annual percentage rate limit for the deferred deposit of a personal check and whether the annual percentage rate limit is the appropriate measurement solution.

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. 737, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 737, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

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

L.K. MCKELVEY, Chair



State of Hawaii House of Representatives The Twenty-eighth Legislature

Record of Votes of the Committee on Consumer Protection & Commerce

Bill/Resolution No.: SB 737, SDI	Committee Referral: CPC, FIN		Da	Date: 03 25 2015		
The committee is reconsidering its previous decision on the measure.						
The recommendation is to: □ Pass, unamended (as is) □ Pass, with amendments (HD) □ Hold □ Pass short form bill with HD to recommit for future public hearing (recommit)						
CPC Members		Ayes	Ayes (WR)	Nays	Excused	
1. McKELVEY, Angus L.K. (C)		7/				
2. WOODSON, Justin H. (VC)						
3. BELATTI, Della Au		<u> </u>				
4. BROWER, Tom						
5. CREAGAN, Richard P.						
6. HAR, Sharon E.						
7. HASHEM, Mark J.		\sim				
8. KAWAKAMI, Derek S.K.						
9. LEE, Chris						
10. NAKASHIMA, Mark M.		V				
11. OSHIRO, Marcus R.		· · · ·				
12. SAN BUENAVENTURA, Joy A	•	/	V			
13. TAKAYAMA, Gregg		$-\sqrt{4}$				
14. YAMANE, Ryan I.						
15. FUKUMOTO CHANG, Beth						
16. McDERMOTT, Bob		<u> </u>				
					-	
TOTAL (16)		12	3			
The recommendation is: Adopted If joint referral, did not support recommendation.						
Vice Chair's or designee's signature:						
Distribution: Original (White) - Committee Duplicate (Yellow) - Chief Clerk's Office Duplicate (Pink) - HMSO						