

STAND. COM. REP. NO. 3681

Honolulu, Hawaii

APR 06 2018

RE: H.B. No. 2471
H.D. 1
S.D. 2

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Ninth State Legislature
Regular Session of 2018
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred H.B. No. 2471, H.D. 1, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO CONSUMER PROTECTION,"

begs leave to report as follows:

The purpose and intent of this measure is to protect consumers who borrow small dollar installment loans by:

- (1) Establishing requirements for small dollar installment loans, including maximum loan amounts, monthly payments and fees, a written agreement, the authorized interest rate, and the right of rescission;
- (2) Requiring small dollar lenders to be licensed by the Commissioner of Financial Institutions;
- (3) Repealing the deferred deposits law; and
- (4) Making an appropriation out of the compliance resolution fund to implement the small dollar installment loan program.

Your Committee received written comments in support of this measure from the Department of Commerce and Consumer Affairs, Catholic Charities Hawaii, Hawaiian Community Assets, Aloha United



Way, Mental Health America of Hawaii, Hawaii Appleseed Center for Law and Economic Justice, H&R Block, HACBED, and five individuals.

Your Committee received written comments in opposition to this measure from Money Service Centers of Hawaii, Inc.

Your Committee received written comments on this measure from the Department of Taxation and the Office of Information Practices.

Your Committee finds that borrowers of short-term loans have not been adequately protected by the deferred deposits agreement law, which has instead placed borrowers in danger of falling into an endless debt trap. Your Committee finds that the more comprehensive regulatory structure created in this measure will ensure that borrowers of short-term loans are more adequately protected from predatory practices that may place them in severe financial peril.

Your Committee has amended this measure by:

- (1) Correcting a cross-reference in the new provision relating to the authorized interest rate;
- (2) Adding exemptions from the new licensing law for open end credit plans and tax refund anticipation loans;
- (3) Correcting a cross-reference to Truth in Lending (Regulation Z), 12 C.F.R. part 1026;
- (4) Providing for consistency in the numerous references in the measure to controlling persons, executive officers, directors, general partners, and managing members;
- (5) Linking two provisions relating to the maximum loan amount through a cross-reference;
- (6) Changing the appropriation out of the compliance resolution fund to an unspecified amount;
- (7) Changing the effective date to July 1, 2050, to facilitate further discussion on the measure; and



- (8) Making technical nonsubstantive changes for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2471, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2471, H.D. 1, S.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,


DONOVAN M. DELA CRUZ, Chair



The Senate
Twenty-Ninth Legislature
State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:* HB 2471 HDI SDI	Committee Referral: CPH, WAM	Date: 4/4/18		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <div style="display: flex; justify-content: space-between; align-items: flex-start;"> <div style="text-align: center;"> <input type="checkbox"/> Pass, unamended 2312 </div> <div style="text-align: center;"> <input checked="" type="checkbox"/> Pass, with amendments 2311 </div> <div style="text-align: center;"> <input type="checkbox"/> Hold 2310 </div> <div style="text-align: center;"> <input type="checkbox"/> Recommit 2313 </div> </div>				
Members	Aye	Aye (WR)	Nay	Excused
DELA CRUZ, Donovan M. (C)	X			
KEITH-AGARAN, Gilbert S.C. (VC)	X			
ENGLISH, J. Kalani	X			
GALUTERIA, Brickwood	X			
HARIMOTO, Breene	X			
INOUE, Lorraine R.	X			
KAHELE, Kaiali'i	X			
KIDANI, Michelle N.	X			
RIVIERE, Gil	X			
SHIMABUKURO, Maile S.L.	X			
WAKAI, Glenn	X			
TOTAL	11	0	0	0
Recommendation: <div style="display: flex; justify-content: space-around; margin-top: 5px;"> <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted </div>				
Chair's or Designee's Signature: 				
<div style="display: flex; justify-content: space-between; font-size: small;"> <div>Distribution:</div> <div>Original</div> <div>Yellow</div> <div>Pink</div> <div>Goldenrod</div> </div> <div style="display: flex; justify-content: space-between; font-size: x-small;"> <div>File with Committee Report</div> <div>Clerk's Office</div> <div>Drafting Agency</div> <div>Committee File Copy</div> </div>				

*Only one measure per Record of Votes