

STAND. COM. REP. NO. **3287**

Honolulu, Hawaii

MAR 22 2024

RE: H.B. No. 2388
H.D. 1
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Second State Legislature
Regular Session of 2024
State of Hawaii

Sir:

Your Committee on Commerce and Consumer Protection, to which was referred H.B. No. 2388, H.D. 1, entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to align Hawaii with the Model Money Transmitters Modernization Act and to:

- (1) Provide clarity and consistency of the tangible net worth provision for money transmitter licensees using nationwide standards;
- (2) Assess the initial license fee of \$5,000 for money transmitter applicants upon approval of the license application; and
- (3) Add as a permissible investment the receivables due to the licensee from its payment processors for debit or credit card transactions authorized by the licensee's customers for many transmission services obtained from the licensee.



Your Committee received testimony in support of this measure from the Division of Financial Institutions of the Department of Commerce and Consumer Affairs.

Your Committee finds that Act 108, Session Laws of Hawaii 2021, amended Hawaii's money transmitters law (codified in chapter 489D, Hawaii Revised Statutes) to, among other things, adopt and incorporate certain definitions of key terms provided in the Conference of State Bank Supervisors' Model Money Transmitters Modernization Act (MTMA) to ensure that Hawaii can effectively license, regulate, and supervise nationally and globally operating money transmission companies without unnecessarily impacting money transmission businesses that operate regionally or in a single state. This measure makes further technical amendments to continue the alignment of Hawaii's money transmitter law with the provisions of the MTMA, thereby enabling Hawaii to more easily and efficiently work within the collaborative and uniform set of nationwide standards for money transmission supervision.

Your Committee has amended this measure by making it effective upon its approval.

As affirmed by the record of votes of the members of your Committee on Commerce and Consumer Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2388, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2388, H.D. 1, S.D. 1, and be referred to your Committee on Ways and Means.

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



JARRETT KEOHOKALOLE, Chair



