STAND. COM. REP. NO. 1129 -24

Honolulu, Hawaii , 2024 MAR 1 5 RE: S.B. No. 2112 H.D. 1

Honorable Scott K. Saiki Speaker, House of Representatives Thirty-Second State Legislature Regular Session of 2024 State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred S.B. No. 2112 entitled:

"A BILL FOR AN ACT RELATING TO INSTALLMENT LOANS,"

begs leave to report as follows:

The purpose of this measure is to amend the definition of "installment lender" under the laws governing higher interest installment loans to clarify that traditional financial institutions retain the authority to make low-interest rate loans under the laws governing interest and usury.

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

Your Committee finds that Act 56, Session Laws of Hawaii 2021 (Act 56), was enacted to provide an alternative financial product in place of payday loans, which trapped consumers in unsustainable cycles of debt through high fees. However, there is some confusion as to whether Act 56 prevents traditional financial institutions from making low-interest loans under the interest and usury law. This measure amends the definition of "installment lender" under the laws governing higher interest installment loans to clarify that traditional financial institutions retain the ability to make low-interest loans under the interest and usury law.

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Your Committee has amended this measure by:

- Changing the effective date to July 1, 3000, to encourage further discussion; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

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. 2112, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2112, H.D. 1, and be referred to your Committee on Finance.

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

MARK M. NAKASHIMA, Chai



State of Hawaii House of Representatives The Thirty-second Legislature HSCR 1129-24

Bill/Resolution No.: SB2112	Committee Referral: CPC, FIN	Date	03-12-	-24
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. NAKASHIMA, Mark M. (C)	/			
2. SAYAMA, Jackson D. (VC)				
3. AMATO, Terez	/			
4. BELATTI, Della Au				
5. HASHEM, Mark J.				
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6. HUSSEY-BURDICK, Natalia				
7. GATES, Cedric Asuega		P ^r Teta, 774 Littling		
7. GATES, Ceurc Asuega				
8. LOWEN, Nicole E.				
			and See -	
9. ONISHI, Richard H.K.				
10. TAM, Adrian K.	/		DINALA A P	
11. PIERICK, Elijah	/			
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TOTAL (11)	8			3
The recommendation is: Adopted I Not Adopted If joint referral, did not support recommendation.				
Vice Chair's or designee's signature:				
Distribution: Original (White) – Commit	ttee Duplicate (Yellow) –	Chief Clerk's Office	Duplicate (Pink) – HMSO