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Testimony of the Department of Commerce and Consumer Affairs

**Before the
Senate Committee on Labor and Technology
Wednesday, February 11, 2026
3:00 p.m.
Via Videoconference
and
Conference Room 225**

**On the following measure:
S.B. 2967, RELATING TO ARTIFICIAL INTELLIGENCE**

Chair Elefante and Members of the Committee:

My name is Radji Tolentino, and I am an Enforcement Attorney with the Department of Commerce and Consumer Affairs' Office of Consumer Protection. The Department appreciates the intent of this bill and offers comments.

The purpose of this bill is to establish consumer protections associated with the use of artificial intelligence systems in consumer interactions and consequential decision-making. The bill assigns enforcement authority to the Attorney General and to the Office of Consumer Protection, however, it makes drafting of rules the exclusive responsibility of the Office of Consumer Protection.

Artificial intelligence is now routinely used to make decisions about housing, employment, credit, insurance, and other essential services. When these decisions are made by automated systems, Hawaii residents should receive clear explanations and should have meaningful ways to challenge unfair outcomes.

This bill reflects a growing consensus recognizing that transparency and accountability in high-risk AI systems are basic consumer protections. The bill seeks to ensure Hawaii residents are not exposed to unchecked automated decision-making, and it gives Hawaii consumers legal rights to see and fix the personal data and assumptions AI systems use to make big decisions about their lives.

The risks this bill addresses are not theoretical. In April 2024, a federal court in Massachusetts approved a \$2.275 million settlement against a national tenant screening company. The plaintiffs alleged that the algorithm unfairly denied housing to people using rental vouchers and disproportionately deprived African American and Hispanic renters of housing opportunities. As part of the settlement, the company agreed to change how it screens tenants and limit future use of its algorithm unless it is independently validated. This case shows how opaque AI systems can build in bias and potentially block access to housing without clear explanations or accountability.

This bill requires a deployer to disclose when a consumer is interacting with an AI system at the beginning of the interaction and at reasonable intervals. The manner of disclosure is largely left to the discretion of the deployer provided that it is “reasonably calculated to be understood by the consumer given the communication channel.” (Page 7, lines 7-10.) A growing number of government consumer protection enforcers have come to regard “clear and conspicuous” as a term of art that carries a specific meaning. Through long enforcement experience, the Federal Trade Commission arrived at a specific definition of “clear and conspicuous” that is technology neutral and ensures disclosures are appropriate to the medium of interaction. Inserting this definition and the related definition of “Interactive Electronic Medium,” would provide desirable clarity.

This bill should include clear deterrents for violations of the disclosure, impact assessment, reporting, and documentation and dispute resolution requirements imposed upon deployers. Clear deterrents are critical to ensure compliance with the law, and the clearest indicator that meaningful deterrent is intended is at Page 15, lines 17-18, which states that “A violation of this part shall constitute an unfair or deceptive act or practice under section 480-2.” Elsewhere in the bill, certain waivers of consumer rights are deemed void (Page 11, lines 1-4). Clarifying that the remedies available for violations

include the remedies available for violations of section 480-2, as well as specific remedies prescribed in the bill, would be beneficial in future enforcement actions. Our office does not currently have access to resources, such as a technologist, that could aid in our understanding of the technologies at issue and compliance with this new chapter. A technologist would provide essential expertise to help attorneys and investigators understand how AI systems function, how data is used and weighted, and whether automated decisions comply with the law. This role would be critical for evaluating technical evidence, identifying unfair or deceptive practices, drafting targeted subpoenas, and effectively enforcing the statute in a rapidly evolving and highly technical area. Without this expert help and the necessary funding, it will be very difficult for our office to hold companies accountable and truly protect the public.

Should the Committee wish to pass this bill, we respectfully request the following amendments:

- (1) Insert new definitions of “clear and conspicuous” and “interactive electronic medium” from the Federal Trade Commission Negative Option Rule, 16 C.F.R. section 425.2, and delete Page 7, lines 7-10;
- (2) Replace the language at Page 15, lines 17-18, with the following language:
“Any person who violates this chapter shall be deemed to have engaged in an unfair or deceptive act or practice in the conduct of any trade or commerce within the meaning of section 480-2. The remedies available under this chapter are cumulative to the remedies and penalties available under all other laws of this State.”

Insert a blank appropriation for resources to support enforcement, including funding for a technologist position.

Thank you for the opportunity to testify on this bill.



**SENATE COMMITTEE ON LABOR &
TECHNOLOGY**

February 11, 2026

**MEMORANDUM IN OPPOSITION TO
SB 2967**

An Act Relating to Artificial Intelligence

The Receivables Management Association International (RMAI), is a trade association of over 600 members composed of banks, non-bank lenders, debt purchasers, and the companies that serve them.

Respectfully, RMAI opposes SB 2967.

Financial Institutions Are Already Subject to Federal Anti-Discrimination and Privacy Laws

SB 2967 either conflicts, contradicts or confuses the requirements imposed upon financial institutions to prevent the harm SB 2967 seeks to redress. These existing federal laws already regulate data security, privacy and anti-discrimination:

- The **Gramm-Leach-Bliley Act (GLBA)** is a federal privacy law. It covers a broad number of financial institutions that include not only banks but all lenders, but non-bank lenders, service providers, loan brokers, financial advisers, etc.
- The GLBA imposes stringent data security requirements on these financial institutions through the Federal Trade Commission's "**Safeguards Rule**."¹ States that have adopted privacy laws have recognized the broad coverage of the GLBA and exempted GLBA financial institutions from coverage.
- The GLBA "**Privacy Rule**"² addresses consumers' privacy rights and requires notice to customers explaining the types of personal information collected and shared, why it is shared, the sources from which it is collected, how it is protected, and how consumers can opt of some sharing.
- The **Equal Credit Opportunity Act (ECOA)** and the **Fair Housing Act (FHA)** protect consumers from against discrimination in lending decisions based on race, color, religion, sex, marital status, and more.³
- The **Fair Credit Reporting Act (FCRA)** requires covered financial institutions to provide the reasons for credit denials when using AI.⁴

These laws provide a consumer protection framework against discriminatory practices occasioned by AI. In fact, in 2022, the CFPB issued guidance that "[c]reditors who use complex algorithms, including artificial intelligence or machine learning, in any aspect of their credit decisions must still provide a notice that discloses the specific principal reasons for taking an adverse action."⁵

¹ 16 C.F.R. § 314.1, *et seq.*

² 16 C.F.R. § 313.1, *et seq.*

³ <https://www.occ.gov/topics/consumers-and-communities/consumer-protection/fair-lending/index-fair-lending.html>.

⁴ <https://www.consumerfinance.gov/about-us/newsroom/cfpb-acts-to-protect-the-public-from-black-box-credit-models-using-complex-algorithms/>.

⁵ https://files.consumerfinance.gov/f/documents/cfpb_2022-03_circular_2022-05.pdf.

We ask that SB 2967 exempt GLBA financial institutions since they are already subject to the referenced federal laws and regulations by adding the following to the definition of “deployer”:

A deployer does not include financial institutions and their affiliates subject to, and in compliance with the Gramm-Leach-Bliley Act, 15 U.S.C. 6801 et seq., and nonpublic personal information that is processed by a financial institution subject to, and in compliance with, the Gramm-Leach-Bliley Act, 15 U.S.C. 6801 et seq., as amended from time to time.

The Private Right of Action Invites Frivolous Lawsuits

RMAI’s second concern is the private right of action contained in § 480-I(b). It has been the experience of RMAI’s members that including a private right of action that allows for recovery of attorney’s fees is an incentive for plaintiffs’ attorneys to file lawsuits alleging the most ridiculous claims. Although these cases are routinely dismissed, the plaintiff’s bar knows the cost to RMAI’s members to settle these claims is far less than the cost to defend them. We believe SB 2967 will open a floodgate of litigation.

For these reasons, RMAI recommends § 480-I(b) be replaced with the following, with renumbering of existing subsection (c):

(b) A violation of this chapter shall constitute an unfair or deceptive act or practice in the conduct of trade or commerce within the meaning of section 480-2 and the Department of the Attorney General shall have exclusive enforcement authority.

(c) No private right of action at law shall arise under this chapter.⁶

Thank you, and please let us know if we can be of assistance or answer any questions.

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⁶ See Hawaii HB 2500 (2026), page 11, lines 3 – 8.

DATE: February 11, 2026

TO: Senator Brandon J.C. Elefante
Chair, Committee on Labor and Technology

Senator Rachele Lamosao
Vice Chair, Committee on Labor and Technology

FROM: Chris Delaunay / Mihoko Ito

RE: **S.B. 2967 - Relating to Artificial Intelligence**
Hearing Date: Wednesday, February 11, 2026, at 3:00 p.m.
Conference Room: 225

Aloha Chair Elefante, Vice Chair Lamosao, and Members of the Committee on Labor and Technology:

We offer this testimony on behalf of the Consumer Data Industry Association (CDIA). The CDIA is the voice of the consumer reporting industry, representing consumer reporting agencies including the nationwide credit bureaus, regional and specialized credit bureaus, background check companies, and others.

CDIA **submits comments** and requests an amendment to S.B. 2967, which establishes consumer protection requirements for the use of artificial intelligence systems in consumer interactions and consequential decisions, including disclosures, documentation, and a right to correction, appeal, and human review.

Consumer reporting agencies and users of consumer reports already operate within a very comprehensive federal consumer-protection framework. The Fair Credit Reporting Act (FCRA) establishes detailed and enforceable requirements governing accuracy and dispute resolution, adverse action notices, permissible purposes, reinvestigation obligations, and model governance tied to credit decisioning. Applying additional state AI requirements to these same regulated activities risks creating inconsistent standards and consumer confusion rather than strengthening protections.

For these reasons, we respectfully **request an amendment** to this bill to add a new section as follows:

“480-____. Exemptions.

This chapter shall not apply to activities conducted pursuant to the Fair Credit Reporting Act under 15 U.S.C. section 1681 et seq.

This amendment is intended to prevent overlapping or conflicting compliance obligations, not weakening consumer protections. Without an FRCA carve-out, entities could face two different procedural standards for the same credit-related activity. Consumers could also receive duplicative or inconsistent notices, and compliance obligations could conflict, particularly where automated decision-making is integral to fraud detection or credit risk assessment.

We believe that some of the requirements in this bill, if applied to FCRA-regulated models, could inadvertently expose sensitive fraud-detection methods, slow real-time risk mitigation, and increase consumer exposure to scams or financial crime. An FCRA exception preserves effective consumer protections already built into federal law while maintaining existing operational safeguards.

Thank you for the opportunity to submit testimony on this measure.



Mortgage Bankers Association of Hawaii
P.O. Box 4129, Honolulu, Hawaii 96812

February 9, 2026

The Honorable, Brandon J.C. Elefante, Chair
The Honorable, Rachele Lamosao, Vice Chair
Members of the Senate Committee on Labor and Technology

Hearing Date: February 11, 2026
Hearing Time: 3:00pm
Hearing Place: Hawaii State Capitol, Conference Room 225

Re: SB 2967 Relating to Artificial Intelligence

I am Victor Brock, representing the Mortgage Bankers Association of Hawaii ("MBAH"). The MBAH is a voluntary organization of individuals involved in the real estate lending industry in Hawaii. Our membership consists of employees of banks, savings institutions, mortgage bankers, mortgage brokers, financial institutions, and companies whose business depends upon the ongoing health of the financial services industry of Hawaii. The members of the MBAH originate and service, or support the origination and servicing, of the vast majority of residential and commercial real estate mortgage loans in Hawaii. When, and if, the MBAH testifies on legislation or rules, it is related only to mortgage lending and servicing.

The MBAH opposes SB 2967 (the "Bill") as it would be impossible for lenders to comply with the disclosure requirements specified in this Bill. Additionally, the Bill mandates requirements that are duplicative of federal regulations and disadvantages Hawaii-based lenders. The Bill places additional burdens on lenders but provides no additional advantages to loan applicants, as most of the protections described in this Bill are already in place and incorporated into current business practices and federal regulations.

SB 2967 specifies that when artificial intelligence ("AI") is used by a "deployer" to "materially influence" a "consequential decision", which includes the decision to grant or the pricing of "credit, lending, or other financial services", that the "deployer" must "provide a clear and conspicuous disclosure" that includes "a description of the type of information used by the system and the primary factors that materially contributed to the decision" as well as include information describing "how the consumer may request correction of inaccurate information, submit additional information, seek reconsideration, and obtain human review under section 480-D."

Credit scores:

Since the 1990's, lenders have used the FICO score, developed by Fair, Isaac, and Company (aka "FICO"), to make credit decisions. According to a Google search, "there are dozens of versions, with at least 16 distinct models currently in use, including base scores (like FICO 8, 9, 10) and specialized industry scores (Auto, Bankcard, Mortgage), each varying slightly based on the credit bureau (Experian, TransUnion, Equifax) and lender's needs." Lenders do not know the secret sauce used by FICO to develop these various scores nor which, if any, incorporate AI. FICO will not disclose to lenders the specific information that is used in their AI models for current or future models. Since its development in 2006 by the three large credit repositories as an alternative to FICO, the Vantage score has also been implemented by lenders to aid in credit decisions. Similarly, lenders are not provided with the details of the secret sauce to calculate any one of the five versions of the Vantage score.

As lenders are not provided with the details of the exact information that is used to develop these credit scores, **it would be impossible for us to comply** with the specific requirement described in SB 2967 that states that the disclosure must include: "*a description of the type of information used by the system and the primary factors that materially contributed to the decision.*" The Fair Credit Reporting Act (aka "FCRA"), as amended by the Fair and Accurate Credit Transactions Act of 2003 (aka "FACTA") already stipulates that a lender must provide up to four credit score attributes when adverse action is made based on credit scores, and these attributes, along with the contact information of the relevant credit reporting company to inquire about the credit data used and to appeal inaccurate information, are provided in a written adverse action notice under Regulation B.

GSE Automated Underwriting Systems:

In addition to complications with credit scores, specifically with mortgages that are targeted for sale to Fannie Mae or Freddie Mac (collectively the Government Sponsored Entities or "GSE"s), it would be impossible for mortgage lenders to comply with the requirements of SB 2967 with respect to their use of the GSE automated underwriting systems (Desktop Underwriter and Loan Product Advisor, respectively). These proprietary systems were developed by the GSEs as tools to automate the underwriting process. No lender is familiar with the secret sauce that is programmed into each and whether AI is used in either or both currently, or will be in the future. Therefore, **it would be impossible for a lender to disclose** "*a description of the type of information used by the system and the primary factors that materially contributed to the decision*" as specified in this Bill. Lenders already have processes in place to validate that the data that is submitted into these automated underwriting systems is accurate and validated by documentation, and most have a required secondary review by another person to confirm accurate entry of data and to consider human override of the decision before adverse action on an application is taken.

Customized scoring models:

For decades lenders have been using custom scoring models that incorporate various loan application attributes to facilitate faster decision making and more consistent treatment of all applications. Prior to the advent of AI, these models were routinely validated to confirm strong correlation between the model outcomes and actual performance of the loans (paid or not paid) on a backward-looking basis prior to deployment, and on an

ongoing basis after deployment. This pre-deployment validation and ongoing validation is required for any federally regulated depository who deploys a proprietary credit scoring model, and details of these validations are usually provided to their examiner/regulator to evidence that models are predictive and afford fair treatment under various federal lending regulations, as well as for safety and soundness reasons. The only difference between pre-AI models and AI models is that the rules incorporated into the model may be more accurately targeted and adapted based on the learning of the AI. The same level of pre-deployment and ongoing validation of the model and the attributes will be required, and likely be completed on a more frequent basis.

Even when the aforementioned proprietary custom scoring models are deployed, all lenders have a process for reconsideration of an application outside of the model using human intervention. Overwhelming the applicant with a disclosure that gives them **all** the attributes that **may** have impacted consideration of their application won't change any adverse decision, and it may create more confusion in that they will not know which specific factors attributed to the adverse decision. **Regulation B already stipulates that written notice of adverse action must provide the specific reasons why an adverse decision was made on a request for credit.** Knowing the exact details of what information was incorporated into a decision-making model won't really resolve the issue of not receiving access to credit for them.

Duplicative regulations:

Proposed section ***§480-F Duty of reasonable care; risk management program for high-risk AI systems*** is duplicative in many ways of current and prudent business practices for deployment and ongoing use of any customized scoring model, and incorporating it into state law may create additional complications for state examiners of financial institutions. This additional layer is unnecessary, as federal prudential regulators already scrutinize the deployment and use of customized credit scoring models and credit scores by regulated depositories. Pasted at the end are links to various web pages that illustrate the extent to which lenders are already held accountable for their use.

Scope of affected institutions:

The proposed Bill disadvantages Hawaii-based financial institutions. The Bill's rules would apply to the following entities: *“‘Deployer’ means a person that uses, operates, or makes available an AI system or automated decision tool **in the course of business in the State**, including use through a vendor, when the system or tool is used to interact with a consumer or to make, inform, or materially influence a consequential decision.”* A resident of Hawaii who applies for credit with a mainland lender using the internet may not be protected under this definition. If the scope is amended to make it more broad and include internet-based lenders, those lenders may discontinue offering credit altogether to Hawaii residents based on the impossibility of compliance, as already described, thereby reducing the availability of credit in general to Hawaii residents.

Summary:

Credit scoring models have been used to facilitate credit decisions for decades, and lenders already have processes in place to ensure prudent deployment and ongoing monitoring of the results of these models. To add more requirements just because AI is now being incorporated to refine these models and improve their capabilities does not mean an additional layer of disclosure and state-dictated policies and documentation requirements will improve model development or monitoring, or the customer experience. Regulation B and FACTA already mandate sufficient disclosures to applicants when an adverse decision is made. Lenders will find themselves in an impossible position if this Bill were to be passed in that they could not comply with the disclosure requirements, and many lenders may severely constrict the product offerings to Hawaii residents. For these reasons, we **STRONGLY OPPOSE SB 2967**.

Victor Brock
Mortgage Bankers Association of Hawaii

Various regulator websites addressing deployment of credit scores, automated underwriting, and/or customized scoring models:

<https://www.occ.treas.gov/news-issuances/bulletins/1997/bulletin-1997-24a.pdf>

<https://www.ecfr.gov/current/title-12/chapter-XII/subchapter-C/part-1254>

<https://www.federalreserve.gov/newsevents/testimony/braunstein20100323a.htm>

<https://ncua.gov/regulation-supervision/manuals-guides/federal-consumer-financial-protection-guide/compliance-management/lending-regulations/fair-credit-reporting-act-regulation-v>

<https://www.fdicog.gov/sites/default/files/reports/2022-08/09-002.pdf>

February 10, 2026

Senator Brandon J.C. Elefante
Chair
Committee on Labor and Technology
Hawaii State Capitol
415 South Beretania Street, Rm 225
Honolulu, HI 96813

Re: SB 2967

Chair Elefante,

On behalf of AdvaMed, the MedTech Association, I am writing to register our concern with SB 2967. Artificial Intelligence (AI) advancements in the medtech industry play a major role in improving patients' lives through innovative care, reduced healthcare costs, and improved patient outcomes. Unlike many other industries, the use of AI in medical technology is already subject to strict regulation by the FDA, which includes among its submission criteria the assessment of the mitigation of unwanted bias. We are continuing to review this legislation and look forward to continued discussions with the committee and author.

AdvaMed is the largest medical technology association, representing the innovators and manufacturers transforming health care through earlier disease detection, less invasive procedures, and more effective treatments. Our nearly 650 members range from emerging companies to large multinationals, and include traditional device, diagnostic, medical imaging, and digital health technology companies.

The emergence of AI and machine learning (ML) is transforming every sector, from retail and finance to transportation. Despite its recent emergence in public consciousness, AI is not a new concept to the Food and Drug Administration (FDA) or the medical technology (medtech) industry. Over the last 30 years, the FDA has reviewed and authorized more than 1,000 AI/ML medical devices – a number that continues to grow.

Today, more than 80% of in-market medical technology products utilizing AI/ML perform diagnostic functions to assist clinicians in decision-making. Predominantly, these devices are not making independent decisions on diagnoses or treatment pathways; rather they provide the clinician with better data and imaging results. Further, the FDA reviews include analysis of adequate mitigation of unwanted bias and performance of the device and algorithm.



Additionally, most AI/ML-enabled medical devices are cleared or approved with “locked” algorithms. While these devices collect data that will improve the algorithm for a new FDA review, the devices are not reacting to data and generating independent or changing outputs. Notably, any algorithm modifications must be approved by the FDA and the FDA’s post-market monitoring tools. Just as adverse event reporting and proscribed surveillance of medical devices, these requirements provide additional transparency.

We encourage the legislature to seek input from the medical technology industry and take into consideration the existing regulatory framework for the industry. We recommend an explicit medical device exemption like enacted in the Colorado law and being considered in other states like Washington.

The requirements in this chapter shall not apply to artificial intelligence systems that are subject to applicable requirements pursuant to the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 321 et seq.).

AdvaMed appreciates the opportunity to comment on this legislation and looks forward to the continued dialogue.

Sincerely,



Darbi Gottlieb
Senior Director, State Government and Regional Affairs
AdvaMed





TESTIMONY OF MICHAEL TANOUE

COMMITTEE ON LABOR AND TECHNOLOGY
Senator Brandon J.C. Elefante, Chair
Senator Rachele Lamosao, Vice Chair

Wednesday, February 11, 2026
3:00 p.m.

SB 2967

Chair Elefante, Vice Chair Lamosao, and members of the Committee on Labor and Technology, my name is Michael Tanoue, counsel for the Hawaii Insurers Council. The Hawaii Insurers Council is a non-profit trade association of property and casualty insurance companies licensed to do business in Hawaii. Member companies underwrite approximately forty percent of all property and casualty insurance premiums in the state.

Hawaii Insurers Council (HIC) **opposes** SB 2967 to the extent that it applies to Property & Casualty insurers licensed under HRS Chapter 431 and Chapter 386.

This bill seeks to establish a regulatory framework for the development and use of algorithmic decision systems and artificial intelligence (AI). Although HIC understands and appreciates the intent to ensure transparency in the development and deployment of AI, licensed insurers are already regulated and overseen by the Insurance Commissioner. The Insurance Commissioner has already proactively taken action regarding licensed insurers' use of AI by issuing Memorandum 2025-13A, "The Use of Artificial Intelligence Systems in Insurance," on December 10, 2025. This memorandum was based on model language developed by the National Association of Insurance Commissioners (NAIC). Both the Insurance Commissioner and the NAIC have the insight and ability to develop a regulatory framework on the use of AI specifically for the insurance industry. In line with this regulatory oversight, the memorandum includes directives that decisions or actions by licensed insurers "must comply with all applicable insurance laws and regulations," including "those laws that address unfair trade practices and regulations."

Because licensed insurers already operate under a regulatory framework on the use of AI developed by the Insurance Commissioner, HIC respectfully requests that Property & Casualty insurers licensed under HRS Chapters 431 and 386 be exempted from the requirements of this bill.

Thank you for the opportunity to submit testimony.

HAWAII FINANCIAL SERVICES ASSOCIATION

c/o Marvin S.C. Dang, Attorney-at-Law

P.O. Box 4109

Honolulu, Hawaii 96812-4109

Telephone No.: (808) 521-8521

LATE

February 11, 2026

Senator Brandon J.C. Elefante, Chair
Senator Rachele Lamosao, Vice Chair
and members of the Senate Committee on Labor and Technology
Hawaii State Capitol
Honolulu, Hawaii 96813

Re: **S.B. 2967 (Artificial Intelligence)**
Hearing Date/Time: Wednesday, February 11, 2026, 3:00 p.m.

I am Marvin Dang, the attorney for the **Hawaii Financial Services Association** (“HFSA”). The HFSA is a trade association for Hawaii’s consumer credit industry. Its members include Hawaii financial services loan companies (which make mortgage loans and other loans, and which are regulated by the Hawaii Commissioner of Financial Institutions), mortgage lenders, and financial institutions.

The HFSA **opposes this Bill.**

This Bill: (a) establishes consumer protection requirements for the use of artificial intelligence systems in consumer interactions and consequential decisions, including disclosures, documentation, and a right to correction, appeal, and human review; (b) makes certain violations an unfair or deceptive act or practice; (c) requires risk management and impact assessments for high-risk artificial intelligence systems; and (d) requires incident reports to the Executive Director of the Office of Consumer Protection and the Attorney General.

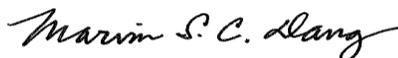
This Bill appears to be modeled after Colorado’s artificial intelligence (AI) legislation which was signed into law in 2024. However, because of concerns about the Colorado law’s complexity, impact and compliance issues, the Governor in August 2025 enacted a delay of the implementation date from February 1, 2026 to June 30, 2026. It’s anticipated that there will be efforts in the Colorado legislature this year to further amend the law. We want to note that other states, including California, have also attempted and failed to implement regimes similar to Colorado’s law because of unresolved issues with trying to regulate deployers of AI technology.

However, this Bill has even more stringent provisions than the Colorado law. The problematic provisions in this Bill include, among other provisions: (1) the AI user agreements; (2) explicit prohibition on using AI as a shield for liability; (3) broader definition of “deployer”; (4) documentation and consumer access to records; (5) incident reporting requirements; (6) retention period for documentation; (7) human review process details; (8) explicit reference to Generative AI; and (9) private right of action.

If enacted, this Bill could have negative impacts by: (1) reducing credit availability for consumers; (2) having a law which overlaps or conflicts with existing federal laws; (3) increasing compliance burdens and costs for lenders, (4) increasing risks, legal uncertainty, and liability for lenders; and (5) reducing the usage of competitive technology by lenders.

Accordingly, we ask that your Committee “hold” or “defer” (i.e., do not pass) this Bill.

Thank you for considering our testimony.



MARVIN S.C. DANG

Attorney for Hawaii Financial Services Association

LATE



Hawaii Credit Union League

Your Partner For Success



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Testimony to the Senate Committee on Labor and Technology
Wednesday, February 11, 2026, 9:30 AM
Conference Room 225

To: The Honorable Brandon Elefante, Chair
The Honorable Rachele Lamosao, Vice-Chair
Members of the Committee

My name is Stefanie Sakamoto, and I am testifying on behalf of the Hawaii Credit Union League (HCUL), the local trade association for 45 Hawaii credit unions, representing over 879,000 credit union members across the state.

HCUL is in opposition to SB 2967, Relating to Artificial Intelligence. This bill establishes consumer protection requirements for the use of artificial intelligence systems in consumer interactions and consequential decisions, including disclosures, documentation, and a right to correction, appeal, and human review, makes certain violations an unfair or deceptive act or practice, and requires risk management and impact assessments for high-risk artificial intelligence systems.

SB 2967 may restrict or complicate the tools and underwriting approaches lenders use to evaluate risk and extend credit. The likely outcome is less access to credit, particularly for working families, first-time borrowers, and members with thin or nontraditional credit files—many of whom credit unions are uniquely positioned to serve.

Further, credit unions and other financial institutions already operate under extensive federal consumer protection and fair lending rules. This bill could duplicate or contradict those standards, creating confusion and complicating regulatory compliance.

SB 2967 may reduce access to affordable credit, increase costs, and create legal and operational uncertainty. We urge further review and stakeholder engagement to avoid harming the consumers this measure seeks to protect.

Thank you for the opportunity to provide comments on this important issue.