

ACT 114

H.B. NO. 2890-82

A Bill for an Act Relating to the Industrial Loan Company Guaranty Act.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. Section 408A-29, Hawaii Revised Statutes, is amended to read as follows:

"§408A-29 Premiums; limitation. [(a)] Premiums, whether in the form of merchandise, credit or cash, given to thrift account holders by members shall be considered [interest for purposes of the limitation on interest set forth in section 408A-28(a).] an advertising or promotional expense rather than a payment of interest for purposes of the limitations on interest set forth in section 408A-28(a) if the member giving the premium complies with the applicable federal laws and regulations governing savings and loan associations regulated under chapter 407.

[(b) A member may give a thrift account holder a premium which shall not be considered interest for purposes of section 408A-28(a) if:

- (1) The premium is given to a thrift account holder only at the time of purchase of a thrift account with an original term not exceeding one year;
- (2) The premium is not given to any thrift account holder on a recurring basis; and
- (3) The value of the premium or, in the case of articles of merchandise, the wholesale cost (excluding shipping and packaging costs), does not exceed \$10, except that the value or wholesale cost may be not more than \$15 if the face amount of the thrift account is \$5,000 or more.]"

SECTION 2. Statutory material to be repealed is bracketed. New material is underscored.

SECTION 3. This Act shall take effect upon its approval.

(Approved May 24, 1982.)