

A Bill for an Act Relating to Consumer Protection.

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

SECTION 1. The legislature finds that members of the military and their dependents are increasingly vulnerable to unscrupulous and predatory lending practices. These practices create a cycle of debt, thus detracting from military members' financial well being and military readiness. The John Warner National Defense Authorization Act for Fiscal Year 2007 (Public Law No. 109-364) contains provisions that place limits on the terms of credit that may be extended to military members and their dependents. This federal act and the regulations that implement it are designed to protect military members and their families from unfair lending practices that are commonly used by issuers of payday loans, vehicle title loans, and tax refund anticipation loans. While the federal regulations do not designate an enforcement agency within the federal government, they do not limit states from enforcing the federal law. Therefore, the legislature also finds that assistance from state regulators is essential to enforcing the law and protecting military service members and dependents from fraud, deception, and abusive practices. The legislature further finds that, in order to enforce the law, state authorities should be authorized to access the Federal Trade Commission's Military Sentinel Network, which provides a secure database of allegations of fraud, deception, and abusive practices reported by military service members.

The purpose of this Act is to authorize the director of commerce and consumer affairs to enforce certain federal laws that protect military members and their families from abusive lending practices.

SECTION 2. Chapter 481B, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

“§481B- Protection of military; lending practices. (a) The director of commerce and consumer affairs may enforce Title 10 United States Code section 987, (section 670 of the John Warner National Defense Authorization Act for Fiscal Year 2007, Public Law No. 109-364), and federal regulations promulgated thereunder, including but not limited to Title 32 Code of Federal Regulations Part 232.

(b) The director of commerce and consumer affairs may enter into an agreement with the United States Federal Trade Commission to allow the director to access the Military Sentinel Network maintained by the Federal Trade Commission for the purpose of enforcing subsection (a).”

SECTION 3. New statutory material is underscored.¹

SECTION 4. This Act shall take effect upon its approval.

(Approved July 6, 2012.)

Note

1. Edited pursuant to HRS §23G-16.5.