

STAND. COM. REP. NO.

2684

Honolulu, Hawaii

MAR - 3 2006

RE: S.B. No. 3066  
S.D. 1

Honorable Robert Bunda  
President of the Senate  
Twenty-Third State Legislature  
Regular Session of 2006  
State of Hawaii

Sir:

Your Committee on Commerce, Consumer Protection, and Housing,  
to which was referred S.B. No. 3066 entitled:

"A BILL FOR AN ACT RELATING TO INTEREST AND USURY,"

begs leave to report as follows:

The purpose of this measure is to amend the usury law on credit cards by making it lawful for a credit card issuer and a customer to stipulate by written contract for any amount of interest, providing that an eighteen per cent cap applies to the simple interest numeric percentage rate but not to fees charged for services.

Testimony in support of this measure was submitted by the Commissioner of Financial Institutions, Department of Commerce and Consumer Affairs; the Hawaii Bankers Association, First Hawaiian Bank; the Hawaii Credit Union League; and Hawaii Financial Services Association.

Your Committee finds that current Hawaii law places Hawaii-based credit card issuers at a pricing disadvantage relative to other issuers in states such as South Dakota and Delaware. In these states, usury laws have been eliminated in order to attract credit card issuers who can implement higher interest rates and fees on their credit cards. Your Committee further finds that this measure levels the playing field and achieves parity for Hawaii-based financial institutions.

Your Committee has amended this measure by:

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- (1) Providing that any fee or charge shall be disclosed to the consumer in the credit card agreement or in an amendment to the credit card agreement, as recommended by First Hawaiian Bank, in the interest of transparency to the consumer;
- (2) Changing the effective date to July 1, 2050, to ensure further discussion; and
- (3) Making technical, non-substantive amendments for clarity and style.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3066, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3066, S.D. 1, and be placed on the calendar for Third Reading.

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



RON MENOR, Chair



