

Honolulu, Hawaii

APR 03 2007

RE: H.B. No. 1207  
S.D. 1

Honorable Colleen Hanabusa  
President of the Senate  
Twenty-Fourth State Legislature  
Regular Session of 2007  
State of Hawaii

Madam:

Your Committee on Ways and Means, to which was referred H.B. No. 1207 entitled:

"A BILL FOR AN ACT RELATING TO DISHONORED PAYMENTS,"

begs leave to report as follows:

The purpose of this measure is to increase service charges on dishonored payments and to enhance the collection process.

More specifically, the bill:

- (1) Deletes provisions relating to interest charges on penalties;
- (2) If the charge is not due on a dishonored check or electronic funds transfer for a tax payment, permits the use of a bonded collection agency; and
- (3) Increases the service charge to a flat \$25 for any form of payment.

Your Committee received testimony in support of the measure from the Judiciary and comments from the Department of Taxation.

Your Committee finds that currently, a bonded collection agency cannot be used for collection purposes, the service charge is too low to function as a deterrent, and the calculation of interest is too burdensome and often disputed.



Your Committee finds that the bill remedies these issues by: setting an increased standard fee of \$25 instead of fees of \$15 for check and electronic funds transfers and \$7.50 for other negotiable investments; deleting the requirement to pay interest due on certain service charges; and by permitting the use of a collection agency for payments other than tax payments made by check or electronic funds transfer.

Your Committee amended the bill to clarify that charging of interest on any penalties is expressly prohibited.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1207, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1207, S.D. 1, and be placed on the calendar for Third Reading.

Respectfully submitted on  
behalf of the members of the  
Committee on Ways and Means,




ROSALYN H. BAKER, Chair



The Senate  
Twenty-Fourth Legislature  
State of Hawaii

**Record of Votes**  
**Committee on Ways and Means**  
**WAM**

Bill / Resolution No.:* <b>HB 1207</b>	Committee Referral: <b>WAM</b>	Date: <b>3/20/07</b>		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
BAKER, Rosalyn H. (C)	/			
TSUTSUI, Shan S. (VC)	/			
CHUN OAKLAND, Suzanne	/			
ENGLISH, J. Kalani	/			
FUKUNAGA, Carol				/
HOOSER, Gary L.	/			
KIM, Donna Mercado	/			
MENOR, Ron				/
TOKUDA, Jill N.	/			
HEMMINGS, Fred	/			
WHALEN, Paul				/
<b>TOTAL</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>3</b>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution:             Original             Yellow             Pink File with Committee Report             Clerk's Office             Drafting Agency				

\*Only one measure per Record of Votes