

JAN 22 2007

A BILL FOR AN ACT

RELATING TO DISHONORED PAYMENTS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Section 40-35.5, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "~~§40-35.5~~ **Assessment and collection of service charges for**
4 **dishonored [~~items~~] payments.** (a) Unless otherwise provided by
5 law or rules [~~having the force and effect of law~~], every public
6 accountant receiving revenue or other moneys on account of the
7 State shall assess and collect a service charge in the amount
8 of[+]

9 ~~(1) \$15 for any check or electronic funds transfer; and~~

10 ~~(2) \$7.50 for any draft, certificate of deposit, or other~~

11 ~~negotiable instrument,] \$25 for any remittance for~~

12 payment that

13 the public accountant receives that is dishonored for any

14 reason. A public accountant shall require payment of the full

15 amount of the dishonored payment, plus the service charge in

16 cash [~~or~~], by certified or cashier's check, or by bank or postal

17 money order. The amount of the service charge shall be



1 deposited with the director of finance as a realization of the
2 general fund.

3 (b) The service charge shall be enforced as follows:

4 (1) For charges due on dishonored checks written or
5 electronic funds transfers made for payment of any tax
6 administered by the department of taxation under title
7 14, the charges shall be nonwaivable penalties and
8 shall be made a part of the tax for which the payment
9 was made in the same manner as penalties are made part
10 of the tax under section 231-39; and

11 (2) For ~~[charges due on]~~ other dishonored ~~[items,]~~
12 payments, if payment of the full amount of the
13 dishonored payment plus the service charge is not
14 made, the public accountant shall refer the entire
15 matter, including the service charge due on the
16 dishonored [item and interest on the penalty,]
17 payment, to the department of the attorney general or
18 a collection agency bonded under chapter 443B for
19 collection.

20 ~~[(e) Interest on the penalty at the rate of two-thirds of~~
21 ~~one per cent a month or fraction of a month shall be paid for~~



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1 ~~the period beginning the first calendar day after the date of~~
2 ~~notification of dishonor and ending on the date paid.~~

3 ~~(d)]~~ (c) All penalties [~~, including interest thereon,~~] for
4 dishonored [~~items~~] payments shall be debts due the State.

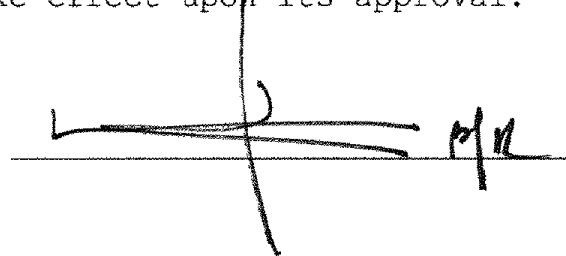
5 [~~(e)]~~ (d) Penalties [~~and interest~~] collected for
6 dishonored [~~items~~] payments by the department of taxation
7 pursuant to this section shall be collected in the same manner
8 as are taxes under chapter 231. The penalty shall be a
9 realization of the general fund in the same manner as other
10 penalties collected by the department of taxation."

11 SECTION 2. Statutory material to be repealed is bracketed
12 and stricken. New statutory material is underscored.

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

14

INTRODUCED BY:





Report Title:

Dishonored Payments

Description:

Increases and standardizes the service charge assessed and collected against dishonored checks and other payments received by the State. Authorizes enforcement by bonded collection agency. Repeals interest on service charge.

