

Honolulu, Hawaii

MAR 01 2007

RE: S.B. No. 1935
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 Commerce, Consumer Protection, and
Affordable Housing, to which was referred S.B. No. 1935 entitled:

"A BILL FOR AN ACT RELATING TO CHECK CASHING,"

begs leave to report as follows:

The purpose of this measure is to require the Department of
Commerce and Consumer Affairs to regulate the check cashing
industry through licensing requirements.

Your Committee received testimony in support of this measure
from Financial Service Providers of Hawaii, Inc.; Legal Aid
Society of Hawaii; and the Hawai'i Alliance for Community-Based
Economic Development (HACBED). The Department of Commerce and
Consumer Affairs and one individual provided comments on the
measure.

Your Committee finds that deferred deposit transactions, or
payday loans, are short-term loans that have the potential to trap
consumers in a cycle of debt that does not allow them to build
assets for their future. Hawaii is one of only four states that
does not require a license to provide a payday loan. In 2005, the
Office of the State Auditor conducted a sunrise analysis on the
regulation of check cashing and deferred deposit agreements and
recommended that chapter 480F, Hawaii Revised Statutes, be
strengthened to be more consumer friendly.

Your Committee has amended this measure by:



- (1) Requiring registration, rather than licensing, of check cashers with the Department of Commerce and Consumer Affairs;
- (2) Raising the limit on the maximum amount of a deferred deposit transaction from twenty-five per cent to thirty per cent of a consumer's gross monthly income;
- (3) Including language to require the availability of an extended repayment plan after any consumer has entered into four or more consecutive transactions (back-to-back agreements within twenty-four hours of the payment of a previous transaction); provided that the customer requests the option within twenty-four hours of the last payment due date; and
- (4) Changing the effective date to July 1, 2050 to encourage more discussion on this matter.

The intent of this measure, as amended, is to take into consideration the concerns of both consumers and the industry regarding regulating check cashing and payday lending.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Affordable Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1935, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1935, 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 Affordable
Housing,

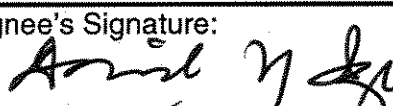


BRIAN T. TANIGUCHI, Chair



The Senate
 Twenty-Fourth Legislature
 State of Hawaii

Record of Votes
Committee on Commerce, Consumer Protection and Affordable Housing
CPH

Bill / Resolution No.:* SB 1935	Committee Referral: CPH	Date: 2/7/2007		
<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
TANIGUCHI, Brian T. (C)	✓			
IGE, David Y. (VC)	✓			
ESPERO, Will	✓			
IHARA, Jr., Les				✓
SAKAMOTO, Norman				✓
SLOM, Sam	✓			
TOTAL	4			2
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