

STAND. COM. REP. NO. 480

Honolulu, Hawaii  
Feb 19, 2009

RE: H.B. No. 447  
H.D. 1

Honorable Calvin K.Y. Say  
Speaker, House of Representatives  
Twenty-Fifth State Legislature  
Regular Session of 2009  
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which  
was referred H.B. No. 447 entitled:

"A BILL FOR AN ACT RELATING TO PAYDAY LENDING,"

begs leave to report as follows:

The purpose of this bill is to improve the regulation of  
check cashers by:

- (1) Requiring check cashers to register with the Department  
of Commerce and Consumer Affairs (DCCA), keep business  
records, and make reports to DCCA;
- (2) Providing for interest-free payment plans and extended  
repayment plans between check cashers and customers;
- (3) Providing a general excise tax exemption for fees and  
interest received by check cashers on deferred deposit  
transactions;
- (4) Expanding the types of information that check cashers  
must include in posted and written notices to customers;
- (5) Allowing customers to rescind a deferred deposit  
agreement within twenty-four hours of the transaction;



- (6) Specifying that check cashers may not enter into a deferred deposit agreement with a customer while any other such agreement is in effect from any source;
- (7) Allowing check cashers to recover principal, interest, and out-of-pocket legal expenses, and ten percent in additional interest on uncollected judgments, in actions brought against consumers for dishonored checks in deferred deposit agreements, and increasing the allowable fee for the return of dishonored checks; and
- (8) Eliminating the exemption from the Check Cashing Law for retailers of goods and services who engage in limited check cashing activities.

Money Service Centers of Hawaii, Inc., testified in support of this bill. The Legal Aid Society of Hawaii and Hawaii Alliance for Community-Based Economic Development supported the intent of this measure. DCCA, the Department of Taxation, and Tax Foundation of Hawaii provided comments.

Your Committee has amended this bill by:

- (1) Adding a preamble;
- (2) Eliminating:
  - (A) Registration, recordkeeping, and reporting requirements for check cashers;
  - (B) Authorization of administrative fees for payment plans;
  - (C) The general excise tax exemption for fees and interest received by check cashers on deferred deposit transactions;
  - (D) The provision allowing check cashers to recover principal, interest, out-of-pocket legal expenses, and ten percent in additional interest on uncollected judgments, in actions brought against consumers for dishonored checks in deferred deposit agreements;
  - (E) The increase in the dishonored check fee for deferred deposit agreements; and



- (F) The sunset provision for this measure;
- (3) Requiring check cashers to provide extended repayment plans to any customer who enters into an interest-free payment plan, if the customer requests the option before the close of business on the last day payment is due;
  - (4) Requiring check casher posted and written notices to state that only one deferred deposit agreement may be opened from all sources at any one time;
  - (5) Reducing the requisite font size for written notices provided by check cashers;
  - (6) Requiring check casher written notices to inform customers of the availability of both payment and extended repayment plans;
  - (7) Allowing consumers to rescind deferred deposit agreements by the close of business on the next business day after the transaction;
  - (8) Specifying that check cashers may not knowingly enter into a deferred deposit transaction with a customer who already has another deferred deposit agreement outstanding; and
  - (9) Changing the effective date to January 1, 2020, to encourage further discussion.

Technical, nonsubstantive amendments were also made for clarity and style.

As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 447, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 447, H.D. 1, and be referred to the Committee on Finance.



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



---

ROBERT N. HERKES, Chair



