
A BILL FOR AN ACT

RELATING TO CONSUMER PROTECTION.

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

1 SECTION 1. The legislature finds that members of the
2 military and their dependents are increasingly vulnerable to
3 unscrupulous and predatory lending practices. These practices
4 create a cycle of debt, thus detracting from military members'
5 financial well being and military readiness. The John Warner
6 National Defense Authorization Act for Fiscal Year 2007 (Public
7 Law No. 109-364) contains provisions that place limits on the
8 terms of credit that may be extended to military members and
9 their dependents. This federal act and the regulations that
10 implement it are designed to protect military members and their
11 families from unfair lending practices that are commonly used by
12 issuers of payday loans, vehicle title loans, and tax refund
13 anticipation loans. While the federal regulations do not
14 designate an enforcement agency within the federal government,
15 they do not limit states from enforcing the federal law.
16 Therefore, the legislature also finds that assistance from state
17 regulators is essential to enforcing the law and protecting
18 military service members and dependents from fraud, deception,



1 and abusive practices. The legislature further finds that, in
 2 order to enforce the law, state authorities should be authorized
 3 to access the Federal Trade Commission's Military Sentinel
 4 program, which provides a secure database of allegations of
 5 fraud, deception, and abusive practices reported by military
 6 service members.

7 The purpose of this Act is to authorize the director of
 8 commerce and consumer affairs to enforce certain federal laws
 9 that protect military members and their families from abusive
 10 lending practices.

11 SECTION 2. Chapter 481B, Hawaii Revised Statutes, is
 12 amended by adding a new section to be appropriately designated
 13 and to read as follows:

14 "§481B- Protection of military; lending practices. (a)
 15 The director of commerce and consumer affairs may enforce Title
 16 10 United States Code section 987, (section 670 of the John
 17 Warner National Defense Authorization Act for Fiscal Year 2007,
 18 Public Law No. 109-364), and federal regulations promulgated
 19 thereunder, including but not limited to Title 32 Code of
 20 Federal Regulations Part 232.

21 (b) The director of commerce and consumer affairs may
 22 enter into an agreement with the United States Federal Trade



1 Commission to allow the director to access the Military Sentinel
2 database for the purpose of enforcing subsection (a)."

3 SECTION 3. New statutory material is underscored.

4 SECTION 4. This Act shall take effect upon its approval.

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H.B. NO. 2409

Report Title:

Consumer Protection; Lending Practices; Military Members

Description:

Authorizes the director of commerce and consumer affairs to enforce certain federal laws to protect military members and their families from abusive lending practices.

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