

Honolulu, Hawaii

Feb 15, 2012

RE: H.B. No. 2500
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Sixth State Legislature
Regular Session of 2012
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred H.B. No. 2500 entitled:

"A BILL FOR AN ACT RELATING TO MONEY TRANSMITTERS,"

begs leave to report as follows:

The purpose of this bill is to enhance regulation of money transmitters, including their involvement with home mortgages, in order to protect Hawaii consumers by, among other things:

- (1) Allowing the Commissioner of Financial Institutions (Commissioner) to increase involvement with the Nationwide Mortgage Licensing System;
- (2) Increasing the nonrefundable application fee that a money transmitter must pay;
- (3) Raising the license-renewal fees that money transmitters must pay, based on the number of annualized money transmissions;
- (4) Increasing the nonrefundable application fee that a money transmitter must pay to the Commissioner to change its name, fictitious name, or trade name;
- (5) Raising the nonrefundable application fee that a money transmitter must pay to the Commissioner to request



approval of a proposed change of control of the money transmitter;

- (6) Increasing the amount of the fine that the Commissioner may assess against a person who violates Chapter 489D, Hawaii Revised Statutes (HRS) (pertaining to money transmitters);
- (7) Allowing the Commissioner to adopt rules pursuant to Chapter 91, HRS, as the Commissioner deems necessary for administration and enforcement purposes; and
- (8) Authorizing the Commissioner to raise or lower any fee by rule and to establish new fees by rule.

The Department of Commerce and Consumer Affairs supported this bill.

After careful consideration, your Committee has amended this bill by:

- (1) Removing the Commissioner's authority to raise by rule the nonrefundable application fee that a money transmitter must pay to the Commissioner to change its name, fictitious name, or trade name;
- (2) Prohibiting the Commissioner from raising or lowering any fee by rule or from establishing new fees by rule;
- (3) Changing the effective date to July 1, 3000, to encourage further discussion; and
- (4) Making technical, nonsubstantive amendments for purposes of clarity, consistency, 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. 2500, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2500, 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



